



**FRANKLIN FEDERAL BANCORP**  
A Federal Savings Bank

18111-A  
MAR 5 1996 10 20 AM  
INTERSTATE COMMERCE COMMISSION

February 23, 1996

Mr. Vernon Williams  
Service Transportation Board  
12th & Constitution Avenue, NW  
Washington, DC 20423

RE: The Austin Steam Train Association, Incorporated

Dear Mr. Vernon:

Please accept for recordation this Security Agreement for 2 railroad cars, executed by the above referenced borrower. This Security Agreement is in renewal of our previous agreement filed by the Interstate Commerce Commission on February 2, 1993, recordation number 18111.

I have enclosed an original and a copy as instructed by Janice Fort. Please return a recorded copy to my attention at your earliest convenience.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Terri Talley Nassour  
Asst. Vice President

INTERSTATE COMMERCE  
COMMISSION  
RECEIVED  
MAR 5 10 14 AM '96

*Copy*

**SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001**

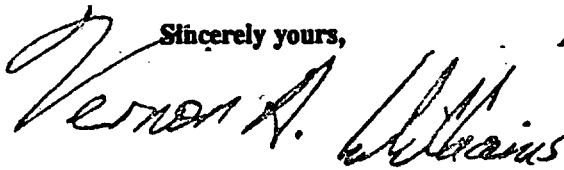
3/5/96

Terri Talley Nassour  
Asst. Vice President  
Franklin Federal Bancorp  
Franklin Plaza  
111 Congress Avenue  
P.O. Box 1723  
Austin, Texas 78767

**Dear**

**The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of  
the Interstate Commerce Act, 49 U.S.C. 11303, on 3/5/96 at 10:20AM , and  
assigned recordation number(s). 18111-A.**

**Sincerely yours,**

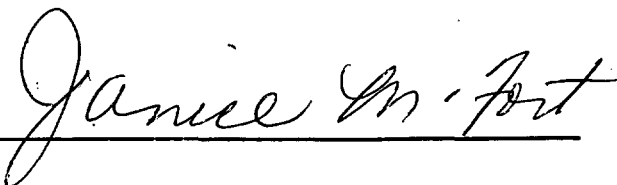


**Vernon A. Williams  
Secretary**

**Enclosure(s)**

**\$ 21.00** The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

**Signature**



**FRANKLIN FEDERAL BANCORP, A FEDERAL SAVINGS BANK  
SECURITY AGREEMENT**

(1st Party)

The Austin Steam Train Association, Incorporated,  
Name

P. O. Box 1632, Austin, Texas 78767-1632  
Address

18111-A  
MAR 22 1996 10 46 AM

hereinafter called "**Grantor**," and FRANKLIN FEDERAL BANCORP, A Federal Savings Bank, 111 Congress Avenue, Austin, Travis County, Texas 78701-4043, hereinafter called "**Secured Party**," agree as follows:

**SECTION I. CREATION OF SECURITY INTEREST.**

In order to secure the prompt and unconditional payment of the indebtedness herein referred to and the performance of the obligations, covenants, agreements and undertakings of Grantor herein described, Grantor hereby grants to Secured Party a security interest in all of Grantor's right, title and interest in the collateral described on Exhibit "A", accessories and improvements of whatever nature now owned by Grantor or hereafter acquired, all accessions and appurtenances thereto, and all renewals or replacements of or substitutions for any of the foregoing (hereinafter collectively called "**the Collateral**") and all proceeds of the Collateral.

If, and only if, this box ☒ is checked, the Collateral shall be solely that equipment described under Collateral Description (attached hereto as Exhibit "A"), together with accessions and appurtenances thereto and proceeds thereof. The inclusion of proceeds does not authorize Grantor to sell, dispose of or otherwise use the Collateral in any manner not authorized herein.

**SECTION II. SECURED INDEBTEDNESS.**

This Security Agreement (hereinafter called this "**Agreement**") is made to secure and enforce the payment and performance of: (1) the debt evidenced by the promissory note executed on February 22, 1996 by Grantor in the original principal amount of Seventy Five Thousand and no/100ths Dollars (\$75,000.00) payable to Secured Party; (2) all other debts, obligations and liabilities of every kind and character of Grantor now or hereafter existing in favor of Secured Party whether such debts, obligations, or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, and whether originally payable to Secured Party or to a third party and subsequently acquired by Secured Party and whether such debts, obligations or liabilities are evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise, it being contemplated that Grantor may hereafter become indebted to Secured Party in further sum or sums; (3) all modifications, renewals or extensions of or substitutions for, any of the foregoing; and (4) all debts, obligations and liabilities of Grantor now or hereafter existing to Secured Party arising under the terms of this Agreement. All such indebtedness is hereinafter sometimes called the "secured indebtedness" or the "indebtedness secured hereby."

**SECTION III. GRANTOR'S REPRESENTATIONS AND WARRANTIES.**

Grantor represents, warrants and covenants as follows:

3.1. Grantor is now in a solvent condition; no bankruptcy or insolvency proceedings are pending or contemplated by or against Grantor. All information, reports, statements and other data furnished by or on behalf of Grantor to Secured Party prior to, contemporaneously with or subsequent to the execution of this Agreement or in connection with the indebtedness secured hereby are and shall be true, correct and complete and do not and will not omit to state any fact or circumstance necessary to make the statements contained therein not misleading.

3.2. Grantor is the lawful owner of good and marketable title to the Collateral and has good right and authority to grant a security interest in the Collateral; the Collateral is free and clear from all security interests and encumbrances except the security interest evidenced hereby; no financing statement covering any interest of any kind in the Collateral or its proceeds is on file in any public office except such financing statement or statements in favor of Secured Party. The Collateral and the intended use thereof by Grantor comply with all applicable laws, rules and regulations. The Collateral is free from damage caused by fire or other casualty. Grantor will warrant and forever defend the title to the Collateral and its proceeds against the claims and demands of all persons claiming the same or any part thereof. No part of the Collateral consists or will consist of consumer goods, farm products, timber, minerals and the like (including oil and gas) or accounts resulting from the sale thereof.

3.3. This Agreement constitutes a legal, valid and binding obligation of Grantor enforceable against Grantor in accordance with its terms. The execution, delivery and performance of this Agreement do not and will not contravene or violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect and applicable to Grantor or the organizational documents of Grantor, or result in a breach of or constitute a default (with or without the giving of notice or the lapse of time or both) under any indenture or any loan, credit or other agreement to which Grantor is a party or by which Grantor or any of Grantor's property may be bound or affected. No authorization, consent, approval, license, order or exemption of, or filing or registration with, any person, including, without limitation, any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution, delivery or performance by Grantor of this Agreement or to the enforcement hereof by Secured Party.

3.4. The location of Grantor is the address set forth at the beginning of this Agreement and in this regard, Grantor's location is defined to mean (i) Grantor's place of business if Grantor has only one such place of business; (ii) Grantor's chief executive office if Grantor has more than one place of business; or (iii) Grantor's residence if Grantor has no place of business.

#### SECTION IV. COVENANTS.

4.1. So long as the indebtedness secured hereby or any part thereof remains unpaid, Grantor covenants and agrees with Secured Party as follows:

(a) Grantor shall make prompt payment, as the same becomes due, of all indebtedness secured hereby in accordance with the terms and provisions of the agreements evidencing such indebtedness.

(b) If Grantor is a corporation, Grantor will continuously maintain Grantor's corporate existence.

(c) Grantor will cause the Collateral to be maintained and operated in a good and workmanlike manner and in accordance with all applicable laws and rules, regulations and orders promulgated by all duly constituted authorities. Grantor will not use, or allow the use of, the Collateral in any manner which constitutes a public or private nuisance or which makes void, voidable or cancellable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not do or suffer to be done any act whereby the value of any part of the Collateral may be lessened. Grantor will allow Secured Party or its authorized representative to inspect the Collateral and inspect, audit and copy Grantor's books and records pertaining thereto and Grantor will assist Secured Party or said representative in whatever way necessary to make such inspection. If Grantor receives notice from any federal, state or other governmental entity that the Collateral or any use thereof is not in compliance with any applicable law, rule, regulation or order, Grantor will promptly furnish a copy of such notice to Secured Party. Grantor shall furnish Secured Party all such information as Secured Party may request with respect to the Collateral.

(d) Grantor will cause all debts and liabilities of any character, including, without limitation, all debts and liabilities for labor, material and equipment, incurred in the installation, maintenance and operation of the Collateral to be promptly paid. Grantor will cause to be paid prior to delinquency all taxes, charges, liens and assessments heretofore or hereafter levied or assessed against the Collateral, or any part thereof, or against the Secured Party for or on account of the indebtedness secured hereby or the interest created by this Agreement, and will furnish Secured Party with receipts or other satisfactory evidence showing payment of such taxes and assessments at least ten (10) days prior to the applicable default date therefor.

(e) Grantor will keep the Collateral in good order, repair and operating condition, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow the Collateral to be misused, abused or wasted, or to deteriorate, except for the ordinary wear and tear of its intended primary use. Grantor will promptly replace all worn-out or obsolete fixtures or personal property covered by this Agreement with fixtures or personal property comparable to the replaced fixtures or personal property when new.

(f) Grantor will keep the Collateral insured in an amount equal to the full insurable value thereof against loss or damage by fire, theft, collision and other hazards as may be required by Secured Party by policies of fire, extended coverage and other insurance in such company or companies, in such amounts, upon such terms and provisions, and with such endorsements, all as may be acceptable to Secured Party. Such insurance policies shall also each contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for thirty (30) days written minimum cancellation notice to Secured Party unless otherwise agreed to in writing by Secured Party. All drafts or instruments of any kind evidencing payment under any such insurance policies which come into the possession of Grantor shall be immediately delivered to Secured Party. No such policies shall be payable to any party other than Secured Party and Grantor. Grantor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Duplicate originals of all policies, verifications, binders and cover notes covering any of the Collateral shall be delivered to Secured Party. Grantor does hereby appoint Secured Party, and Secured Party may act as, attorney-in-fact for Grantor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(g) If the Collateral is or is to be wholly or partly affixed to real estate or other goods, a description of the real estate or other goods is listed in the portion below labelled "**Collateral Description**" (attached hereto as "Exhibit A") and the name of the record owner of such real estate or other goods is Said real estate is not subject to any construction mortgage. If the Collateral is wholly or partly affixed to real estate or other goods, Grantor will, on demand of Secured Party, furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate or other goods, of any interest in the Collateral which is prior to Secured Party's interest. Unless the blank spaces in this paragraph are filled in when this Agreement is executed, the Collateral will not be affixed to any real estate or other goods so as to become fixtures on such real estate or accessions to other goods.

(h) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced hereby shall be attacked, endangered or questioned, or if any legal proceedings are instituted against Grantor with respect thereto, Grantor will give prompt written notice thereof to Secured Party and, at Grantor's own cost and expense, will diligently endeavor to cure any defect which may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, and Secured Party (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests and other interests created or evidenced hereby, and all expenses so incurred by Secured Party of every kind and character shall be a demand obligation owing by Grantor to Secured Party and, to the extent not prohibited by law, shall bear interest from the date of expenditure by Secured Party until paid at the same rate provided for past-due principal and interest in the principal obligation (the "**Past Due Rate**") and

shall be a part of the secured indebtedness. For purposes of determining the Past Due Rate, the principal obligation shall be (1) the note secured hereby; (2) if more than one note is secured hereby, the note with the largest face amount; and (3) if no note is secured hereby, the obligation with the largest face amount. The party incurring such expenses shall be subrogated to all rights of the person receiving such payment.

(i) Grantor will, on request of Secured Party, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Agreement or in any other instrument executed in connection herewith or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further security agreements, financing statements and continuation statements) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Agreement and such other instruments, and to subject to the security interests hereof any property intended by the terms hereof and thereof to be covered hereby and thereby including specifically, but without limitation, any renewals, additions, substitutions, replacements or appurtenances to the then Collateral; and (iii) execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically any financing statement) deemed advisable by Secured Party to protect the security interest hereunder against the rights and interests of third persons. Grantor will pay all costs connected with any of the foregoing.

(j) Notwithstanding the security interest in proceeds granted herein, Grantor will not sell, lease, exchange, lend, rent, assign, transfer or otherwise dispose of all or any part of the Collateral or any interest therein or permit the title to the Collateral, or any interest therein, to be vested in any other party, in any manner whatsoever, by operation of law or otherwise, without the prior written consent of Secured Party.

(k) To the extent not prohibited by law, Grantor will pay, or reimburse Secured Party for, all costs and expenses, of every character, incurred or expended from time to time (including, but not limited to, the fees and expenses of counsel for Secured Party) in connection with the negotiation, preparation, execution, filing, recording, refiling and re-recording of this Agreement and all related financing statements and the making, servicing and collection of the indebtedness secured hereby; any and all stamp, mortgage and recording taxes; the costs of any title insurance or lien insurance purchased by Secured Party in connection herewith; all costs of negotiation, preparation, execution and delivery of any and all amendments, modifications, supplements, consents, waivers or other documents or writings relating to the transactions contemplated by this Agreement; and all costs (including attorneys' fees) of reviewing title opinions and security opinions relating to the indebtedness secured hereby. Grantor will reimburse Secured Party for all amounts expended by Secured Party to satisfy any obligation of Grantor under this Agreement or to protect the Collateral. In addition, whether or not a default shall have occurred, Grantor will pay, or reimburse Secured Party for, all costs and expenses, of every character, incurred or expended from time to time in connection with the evaluation, monitoring, administration and protection of the Collateral and the exercise by Secured Party of any of its rights and remedies hereunder or at law (including, but not limited to, all appraisal fees, consulting fees, brokerage fees and commissions, insurance premiums, Uniform Commercial Code search fees, fees incident to title searches and reports, investigation costs, escrow fees, attorneys' fees, legal expenses, fees of auditors and accountants, court costs, fees of governmental authorities, auctioneer fees and expenses, and all fees and expenses incurred in connection with the marshaling, guarding, management, operation, removal, maintenance, cleanup, storage, auction and liquidation of the Collateral). Any amount to be paid or reimbursed by Grantor to Secured Party shall be a demand obligation owing by Grantor to Secured Party and, to the extent not prohibited by law, shall bear interest from the date of expenditure by Secured Party until paid at the Past Due Rate and shall be a part of the secured indebtedness.

(l) Grantor shall account fully and faithfully for and, if Secured Party so elects, shall promptly pay or turn over to Secured Party the proceeds in whatever form received from disposition in any manner of any of the Collateral, whether the indebtedness secured hereby is mature or not, the order and method of application to be in the sole discretion of Secured Party, except as otherwise specifically authorized herein. Grantor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Grantor and shall keep accurate and complete records of the Collateral and its proceeds.

(m) The Collateral will be used in the business of Grantor, or by Grantor if Grantor is a nonprofit organization or a government subdivision or agency, and shall remain in Grantor's possession or control at all times at Grantor's risk of loss at Grantor's location as stated herein and at such other places as Grantor may specify in writing to Secured Party.

(n) Grantor will not change its address, location, name, identity or structure, corporate or otherwise, without notifying Secured Party of such change in writing at least thirty (30) days prior to the effective date of such change.

4.2. Grantor agrees that if Grantor fails to perform any act or to take any action which Grantor is required to perform or take hereunder, or to pay any money which Grantor is required to pay hereunder, Secured Party, in Grantor's name or in its own name, may but shall not be obligated to perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Secured Party and any money so paid by Secured Party shall be a demand obligation owing by Grantor to Secured Party, and Secured Party, upon making such payment, shall be subrogated to all of the rights of the person receiving such payment. Any amounts due and owing by Grantor to Secured Party pursuant to this Agreement shall bear interest from the date of expenditure until paid at the Past Due Rate and shall be a part of the secured indebtedness and shall be secured by this Agreement and by any other instrument securing the secured indebtedness.

## SECTION V. EVENTS OF DEFAULT.

Grantor shall be in default under this Agreement upon the happening of any of the following events or conditions, herein called an "Event of Default":

5.1. Grantor's failure to pay when due any of the secured indebtedness; or Grantor does not pay any other borrowed money obligation when due or if the holder of such other obligation declares, or may declare, such obligation due prior to its stated maturity because of Grantor's default thereunder; or Grantor is in default or in violation of any law or regulation of any governmental authority having jurisdiction over Grantor or its assets or property; or default by Grantor or any guarantor, comaker, surety or endorser of any liability of Grantor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Agreement, in any other instrument securing the secured indebtedness or in any note secured hereby; or any guarantor, comaker, surety or endorser for Grantor defaults in any obligation or liability; or

5.2. any warranty, representation or statement contained in this Agreement or made or furnished to Secured Party by or on behalf of Grantor in connection with this Agreement or to induce Secured Party to make a loan to Grantor, shall prove to have been false or misleading in any respect when made or furnished; or any statement of the financial condition of Grantor or of any guarantor, comaker, surety or endorser of any liability of Grantor submitted to Secured Party by Grantor or any such guarantor, comaker, surety or endorser shall prove to be false or misleading in any respect; or

5.3. loss, theft, substantial damage, destruction, abandonment, illegal use, unauthorized sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon; or

5.4. Grantor's death, dissolution, termination of existence, insolvency or business failure; the failure of Grantor or of any guarantor or surety for Grantor generally to pay its debts as they come due; the appointment of a receiver, trustee, custodian or liquidator of all or any part of the property of Grantor; an assignment for the benefit of creditors of Grantor; the calling of a meeting of creditors of Grantor; or the commencement of any proceeding under any bankruptcy, insolvency or reorganization laws by or against Grantor or any guarantor or surety for Grantor; or

5.5. a final judgment for the payment of money shall be rendered against Grantor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed; or

5.6. any adverse material change shall occur in the assets, liabilities, financial condition, business operations, affairs or circumstances of Grantor; or

5.7. Grantor or any other party claims, or any court finds or rules, that Secured Party does not have a valid security interest as provided for herein on all or any part of the Collateral or in any other security which may have been provided by Grantor.

## SECTION VI. REMEDIES IN EVENT OF DEFAULT.

6.1. Upon the occurrence of an Event of Default, or if Secured Party in good faith believes that the prospect of payment or performance of Grantor's obligations is impaired, and at any time thereafter, Secured Party shall have the option of declaring without notice to any person, including, but not limited to, notice of intention to accelerate and notice of acceleration, all of which are WAIVED, all indebtedness secured hereby, principal and accrued interest, to be immediately due and payable.

6.2. Upon the occurrence of an Event of Default, or if Secured Party in good faith believes that the prospect of payment or performance of Grantor's obligations is impaired, and at any time thereafter, Secured Party is authorized peaceably to take possession of the Collateral and of all books, records and accounts relating thereto, and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession, operation, protection or preservation of the Collateral, including the right to rent the same for the account of Grantor and to deduct from such rents all costs, expenses and liabilities of every character incurred by Secured Party in collecting such rents and in managing, operating, maintaining, protecting or preserving the Collateral, and to apply the remainder of such rents on the indebtedness secured hereby in such manner as Secured Party may elect. All such costs, expenses and liabilities incurred by Secured Party in collecting such rents or in managing, operating, maintaining, protecting or preserving such properties, if not paid out of such rents as hereinabove provided, shall constitute a demand obligation owing by Grantor and shall bear interest from the date of expenditure until paid at the Past Due Rate, all of which shall constitute a portion of the secured indebtedness. If necessary to obtain the possession provided for above, Secured Party may invoke any and all legal remedies to dispossess Grantor, including specifically one or more actions for forcible entry and detainer. In connection with any action taken by Secured Party pursuant to this paragraph 6.2., Secured Party shall not be liable for any loss sustained by Grantor resulting from any failure to let the Collateral, or any part thereof, or from any other act or omission of Secured Party in managing the Collateral unless such loss is caused by the willful misconduct and bad faith of Secured Party, nor shall Secured Party be obligated to perform or discharge any obligation, duty or liability under any lease agreement covering the Collateral or any part thereof, or under or by reason of this instrument or the exercise of rights or remedies hereunder.

6.3. Upon the occurrence of an Event of Default, or if Secured Party in good faith believes that the prospect of payment or performance of Grantor's obligations is impaired, and at any time thereafter, Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas and in conjunction with, in addition to or in substitution for those rights and remedies, the rights and remedies provided for herein:

(a) Secured Party may enter upon Grantor's premises to take possession of and collect the Collateral or to render the Collateral unusable; and

(b) Secured Party may require Grantor to assemble the Collateral and make it available at a place Secured Party designates which is reasonably convenient to Secured Party and Grantor to allow Secured Party to take possession or

dispose of the Collateral; and

(c) written notice mailed to Grantor as provided herein ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and

(d) it shall not be necessary that Secured Party take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this paragraph is conducted, and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; and

(e) prior to application of proceeds of disposition of the Collateral to the secured indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Secured Party, and Grantor shall at all times remain liable for any deficiency; and

(f) the sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the indebtedness secured hereby, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and

(g) in the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and

(h) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the indebtedness, or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to any other act or thing having been duly done by Secured Party, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(i) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party.

6.4. All remedies expressly provided for herein are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the secured indebtedness, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

6.5. Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Secured Party in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced by this Agreement.

6.6. To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, and Grantor, for Grantor, Grantor's heirs, devisees, executors, administrators, representatives, receivers, trustees, successors and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby WAIVES and RELEASES all rights of redemption, valuation, appraisal, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of the assets of Grantor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

## SECTION VII. ADDITIONAL AGREEMENTS.

7.1. If all of the secured indebtedness be paid as the same becomes due and payable, and all obligations of Secured Party to advance money or extend credit to Grantor have terminated, and if all of the covenants, warranties, undertakings and agreements made in this Agreement are kept and performed, then and in that event only, all rights under this Agreement shall terminate and the Collateral shall become wholly clear of the security interest evidenced hereby, and such security interest shall be released by Secured Party in due form at Grantor's cost.

7.2. Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. Neither notice to nor demand on Grantor in any case shall of itself entitle Grantor to any other or further notice of demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default hereunder.

7.3. Secured Party may at any time and from time to time in writing (a) waive compliance by Grantor with any covenant



herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor's doing any act which Grantor is prohibited from doing hereunder, or consent to Grantor's failing to do any act which Grantor is required to do hereunder, to the extent and in the manner specified in such writing; (c) release any part of the Collateral or any interest therein from the security interest of this Agreement; or (d) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other instrument now or hereafter securing the payment of the secured indebtedness, without impairing or releasing the liability of any other party. No such act shall in any way impair the rights of Secured Party hereunder except to the extent specifically agreed to by the Secured Party in such writing.

7.4. The security interest and other rights of Secured Party hereunder shall not be impaired by an indulgence, moratorium or release granted by Secured Party, including but not limited to (a) any renewal, extension or modification which Secured Party may grant with respect to any secured indebtedness; (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant in respect of any item of the Collateral or any part thereof or any interest therein; or (c) any release or indulgence granted to any endorser, guarantor, comaker or surety of any secured indebtedness. Any notice, request, demand or other communication required or permitted hereunder, or under any note, guaranty, loan or agreement or other instrument securing the payment of the secured indebtedness (unless otherwise expressly provided herein), shall be given in writing by delivering same in person to the intended addressee, or by United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), sent to the intended addressee at the address shown herein, or to such different address as the addressee shall have designated by written notice sent in accordance herewith and actually received by the other party at least ten (10) days in advance of the date upon which such change of address shall be effective.

7.5. Secured Party may render and send to Grantor a statement of account showing loans made, all other charges expenses and items chargeable to Grantor, payment made by Grantor against the loans, proceeds collected and applied to the loans, other appropriate debits and credits, and the total of Grantor's indebtedness on the loans as of the date of the statement of account, and the statement of account shall be considered correct in all respects and accepted by and conclusively binding upon Grantor, except for specified objections which Grantor makes in writing within five days from the date upon which the statement of account is sent.

7.6. A carbon, photographic or other reproduction of this Agreement or of any financing statement relating to this Agreement shall be sufficient as a financing statement. Grantor will cause all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Secured Party shall reasonably request, and Grantor will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

7.7. In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Grantor, Secured Party may, without notice to Grantor, deal with such person with reference to this Agreement and to the indebtedness secured hereby in the same manner as with Grantor, without in any way vitiating or discharging Grantor's liability hereunder or on the indebtedness secured hereby. No sale of the Collateral, no forbearance on the part of Secured Party and no extension of the time for the payment of the indebtedness secured hereby given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Grantor hereunder or for the payment of the indebtedness secured hereby or the liability of any other person hereunder or for the payment of the indebtedness secured hereby, except as agreed to in writing by Secured Party.

7.8. To the extent that proceeds of the note or other evidence of the secured indebtedness are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Collateral, such proceeds have been advanced by Secured Party at Grantor's request and Secured Party shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released.

7.9. If any part of the secured indebtedness cannot be lawfully secured by this Agreement, or if any part of the Collateral cannot be lawfully subject to the security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Agreement. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

7.10. Secured Party may assign this Agreement so that the assignee shall be entitled to the rights and remedies of Secured Party hereunder and in the event of such assignment, Grantor will assert no claims or defenses it may have against the assignee except those granted in this Agreement.

7.12. This Agreement shall be binding upon Grantor, and the heirs, devisees, administrators, executors, personal representatives, receivers, trustees, successors and assigns of Grantor, including all successors in interest of Grantor in and to all or any part of the Collateral, and shall inure to the benefit of Secured Party and the successors and assigns of Secured Party. All references in this Agreement to Grantor or Secured Party shall be deemed to include all such other persons.

7.13. Secured Party in its discretion may, whether or not any of the indebtedness secured hereby be due, in its name or in the name of Grantor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but Secured Party shall be under no obligation to do so.

7.14. Secured Party may, by any employee or employees it designates, execute, sign, endorse, transfer or deliver in the



name of Grantor, notes, checks, drafts or other instruments for the payment of money and receipts or any other documents necessary to evidence, perfect and realize upon the security interests and obligations of this Agreement.

7.15. Notwithstanding anything to the contrary contained herein, if any secured indebtedness shall be indebtedness resulting from an extension of credit to a consumer (as such terms are defined or used in 12 C.F.R. Part 535) hereinafter referred to as "consumer credit obligation," then the collateral securing any such consumer credit obligation shall not extend to any nonpossessory security interest in household goods which is not a purchase money security interest, and no waiver of any notice herein shall be construed under any circumstances to extend to any waiver of notice which is prohibited by the provisions of 12 C.F.R. Part 535.

7.16. The term "Grantor" as is used in this Agreement shall be construed as singular or plural to correspond with the number of persons executing this Agreement as Grantor. The pronouns used in this Agreement are in the neuter gender but shall be construed as feminine, masculine or neuter as occasion may require. If more than one person executes this Agreement as Grantor, their obligations under this Agreement shall be joint and several. The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement. Unless otherwise defined herein, terms used in this Agreement which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

7.17. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America.

EXECUTED as of the 22 day of FEBRUARY, 1996.

SIGNATURE(S) OF GRANTOR:

The Austin Steam Train Association, Incorporated,  
a Texas corporation

Ben Sargent  
By: Ben Sargent, Chairman

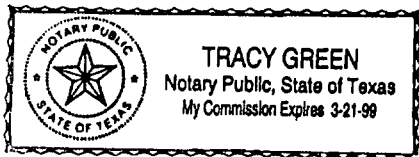
Robert J. MacDonald  
By: Robert J. MacDonald, President

State of Texas

County of Travis

On February 22, 1996, before me, the undersigned notary public in and for said County and State, personally appeared Ben Sargent, Chairman of The Austin Steam Train Association, Incorporated, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that his signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.



Tracy Green  
Notary Public in and for the State of Texas  
Printed name: Tracy Green  
My Commission Expires: 3-21-99

State of Texas

County of Travis

On February 22, 1996, before me, the undersigned notary public in and for said County and State, personally appeared Robert J. MacDonald, President of The Austin Steam Train Association, Incorporated, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that his signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.



Tracy Green  
Notary Public in and for the State of Texas  
Printed name: Tracy Green  
My Commission Expires: 3-21-99

**EXHIBIT A**

**COLLATERAL DESCRIPTION**

**[For use only if the box in Section I is checked, or if the Collateral is or is to be wholly or partly affixed to real estate or other goods, then include a description of the real estate or other goods in accordance with Section 4.1(g) of the Agreement.]**

**The Collateral of this Security Agreement is of the following description:**

**One (1) 1930 model Southern Railroad Diner with a seating capacity for 48 person, including various items of kitchen equipment, bearing identification number 3153**

**One (1) Southern Pacific baggage car bearing identification number SPMW5986**